

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of

Annual Assessment of the
Status of Competition in
the Market for the Delivery
of Video Programming

CS Docket No. 95-61

DOCKET FILE COPY ORIGINAL

REPLY COMMENTS OF THE VIDEO DIALTONE ASSOCIATION

An overwhelming number of commenters in this proceeding have validated the Video Dialtone Association's ("VDTA") assertion in its comments that effective competition does not exist in today's video marketplace.^{1/} The Commission's Report to Congress last year stated that most local markets were supplied by monopoly cable services, and that competitive rivalry was "largely, often totally, insufficient to constrain the market power of incumbent cable

^{1/} See, e.g., Comments of Bell Atlantic at 1 (stating that "the incumbent cable industry remains the overwhelmingly dominant provider of multichannel video services to American homes"); Comments of BellSouth at 2 (characterizing the Commission's 1994 forecast for competition as "optimistic"); Comments of GTE at 4 (remarking that "virtually nothing has changed to alter cable operators' overriding monopoly positions" since last year); Comments of Liberty Cable at 4 (claiming that "there is less effective competition in the video marketplace today than there was last year"); Comments of Mets Fans United at 4 (asserting that "by any standard of measurement, competition in the current marketplace for video programming does not exist"); Comments of NRTC at 1 (arguing that the vertically-integrated cable programming industry continues to stifle competition in the market); Comments of NYNEX at 2; Comments of OpTel at 2 (noting that "most consumers are deprived of the benefits of competition" in the video marketplace).

No. of Copies rec'd 045
List A B C D E

systems."^{2/} Unfortunately, as the record in this proceeding dramatically demonstrates, little has changed.

A few commenters (several of whom represent cable interests or are affiliated with cable operators) argue that competition does exist in the video delivery market.^{3/} In many instances, however, the "evidence" these parties cite to support their assertions is thin or nonexistent.^{4/}

The VDTA strongly disagrees with those who assert that competition exists in the video delivery marketplace. While satellite-delivered and wireless cable services may be attracting new subscribers, these services operate primarily in rural, uncabled areas and do not presently pose a serious challenge to cable's dominance in the marketplace.^{5/} And it is absurd to suggest that video dialtone offers any competition to cable when

^{2/} First Report to Congress ¶ 246.

^{3/} See, e.g., Comments of NCTA at 4-18; Comments of HBO (a division of Time Warner Entertainment) at 1-2. A handful of other commenters also claim that a degree of competition exists in their specialized markets. See, e.g., Comments of ESPN at 2; Comments of WCAI at 2-3.

^{4/} NCTA, for example, bases its competitive assessment of VDT on regulatory actions that it predicts "will unleash extraordinarily powerful competitors to the cable industry." Comments of NCTA at 11. The MPAA expects DBS subscribership to reach 13 million by the year 2000. Comments of MPAA at 4.

^{5/} See, e.g., Comments of PRIMESTAR at 4-5 (estimating that 80% of its subscribers are from areas not served by cable); Comments of NRTC at 4-5 (stating that most of its subscribers are located in rural areas).

not a single commercial subscriber exists who receives the service.^{6/}

The Commission must act as swiftly as possible to adopt appropriate policies that promote the early deployment of VDT services. The Commission may begin by eliminating unnecessary regulatory burdens, reducing administrative delay, and providing flexibility in the implementation of competing services. If such measures are not taken, it will be very difficult for VDT to compete in the video marketplace in the near future.

Respectfully submitted,

THE VIDEO DIALTONE ASSOCIATION

By: 

Peter O. Price
Chairman

July 28, 1995

^{6/} See, e.g., Comments of NCTA at 11 (claiming that VDT "poses an enormous competitive challenge to cable companies"); Comments of the MPAA at 8 (characterizing the competitive environment for VDT as "extremely favorable").